

# **Exhibit 8**

# DANMARKS NATIONALBANK

---

Agreement between the Ministry  
of Finance and Danmarks  
Nationalbank on the division of  
tasks in the area of government  
debt

- translation



DANMARKS  
NATIONALBANK

**Contents**

1. Parties to the agreement.....	3
2. Overall responsibility .....	3
3. Borrowing and debt management .....	3
3.1 Statutory basis.....	3
3.2 Funding rules for central government borrowing .....	4
3.2.1 Domestic funding rule .....	4
3.2.2 Foreign funding rule.....	4
4. Implementation of the central government debt policy .....	5
5. Appropriation acts, information material, etc.....	6
6. Issuance of government guarantees and on-lending.....	7
7. Commencement .....	8
8. Signatures.....	8

## **1. Parties to the agreement**

This agreement is concluded between Danmarks Nationalbank, Havnegade 5, DK-1093 Copenhagen K and the Danish Ministry of Finance, Christiansborg Slotsplads 1, DK-1218 Copenhagen K.

The agreement sets out the division of tasks and competencies between Danmarks Nationalbank and the Ministry of Finance in the area of central government debt. Moreover, the overall body of rules regarding transactions in connection with central government borrowing is described. The division of tasks has been in force since 1 July 1991, when a number of tasks were transferred from the Ministry of Finance to Danmarks Nationalbank.

## **2. Overall responsibility**

The Minister for Finance holds the overall and political responsibility for central government borrowing and debt, including relations with the Folketing (Parliament). Management of the central government debt, as well as related tasks, is carried out by Danmarks Nationalbank on behalf of the Ministry of Finance.

The overall objective of the central government debt policy is to cover the central government financing requirement at the lowest possible long-term borrowing costs, while taking the degree of risk into account. Furthermore, the aim is to support a well-functioning domestic financial market and to facilitate the central government's access to the financial markets in the longer term.

## **3. Borrowing and debt management**

### **3.1 Statutory basis**

The statutory basis for central government borrowing is set out in the Act on the authority to raise loans on behalf of the central government (Consolidated Act no. 849 of 22 June 2010). The Act authorises the Minister for Finance to raise loans on behalf of the central government within a maximum amount defined in the Act. This maximum amount includes the outstanding debt at any time on domestic central government loans and central government loans raised abroad. The Act also authorises the Minister for Finance to buy back own securities and to enter into swaps and other financial transactions.

### **3.2 Funding rules for central government borrowing**

The scope of central government borrowing is determined by the funding rules for central government borrowing set out in an agreement between the central government and Danmarks Nationalbank. There are two funding rules: domestic and foreign.

#### **3.2.1 Domestic funding rule**

Under the domestic funding rule, the central government borrows in kroner to cover its financing requirement, given by the current budget deficit and redemptions on the domestic debt.

The central government may continue to issue government securities even though the financing requirement for the year has been met. This will contribute to financing the borrowing requirement in subsequent years (prefunding). The prefunding option provides for a more flexible issuance strategy for the central government, supporting the objective of the central government debt policy of covering the central government's financing requirement at the lowest possible long-term borrowing costs, while taking the degree of risk into account. For example, prefunding can be aimed at strengthening the central government's liquidity buffer in order to reduce the exposure to shocks to future financing requirements.

Under the EU Treaty, the central government's account at Danmarks Nationalbank must never show a deficit.

#### **3.2.2 Foreign funding rule**

The central government raises loans in foreign currency in order to maintain the foreign exchange reserve. The foreign funding rule determines that, as a general rule, the central government raises loans denominated in foreign currency equivalent to the redemptions on the foreign central government debt. If the foreign exchange reserve decreases by more than what is deemed appropriate, it may be necessary for the central government – out of concern for the exchange rate policy – to raise loans abroad in order to strengthen the foreign exchange reserve. On the other hand, it is possible to reduce the foreign central government debt in situations where the foreign exchange reserve increases by more than is deemed appropriate.

Even if the size of the foreign exchange reserve does not call for foreign borrowing, continuous market presence may be appropriate, as the need to borrow considerable amounts in foreign currency at short notice may arise. The reason is that re-establishing relations with foreign banks and investors may be cost-intensive and time-consuming. In addition, foreign borrowing acts as a portal to the domestic government bond market for a number of foreign banks and investors. Hence, continuous market

presence contributes to a well-diversified investor base in domestic government bonds.

#### **4. Implementation of the central government debt policy**

Subject to the funding rules, the overall central government borrowing strategy is determined at quarterly meetings between the Ministry of Finance and Danmarks Nationalbank. At these meetings, guidelines are prepared for the central government debt policy in the coming period, and the guidelines are approved by the Ministry of Finance. Substantial deviations from the agreed guidelines require approval in writing from both parties.

The borrowing strategy and the strategy for management of the central government debt are prepared on the basis of proposals from Danmarks Nationalbank. Among other things, the strategy specifies:

- A target for issuance
- Exposure in domestic and foreign currency, respectively
- Key on-the-run issues, including types and maturities
- Utilisation of buy-backs of outstanding loans
- Management of relevant risks concerning the debt portfolio, including interest rate and refinancing risk
- Conclusion of swaps and use of other financial instruments, as well as management of credit risk on these instruments

The management of interest rate and refinancing risk includes financial assets and liabilities managed by Government Debt Management only. Risk management is based on various indicators, including duration targets.

The borrowing strategy takes into account the overall financing requirement of the central government, including repayments due, in the year in question, as well as the distribution of the financing requirement over the year. The overall financing requirement for the year as a whole is, as a starting point, determined in the latest Budget Review from the Ministry of Finance.

Pursuant to the strategy adopted at the quarterly meetings and approved by the Minister for Finance, Danmarks Nationalbank is thus responsible for the ongoing borrowing and management of the debt portfolio.

In accordance with the division of tasks in relation to borrowing, Danmarks Nationalbank also performs the following functions for the Ministry of Finance:

- Loan prospectuses are prepared by Danmarks Nationalbank, with the Ministry of Finance as the formal publisher
- Loan documents, etc. relating to central government debt are signed by employees of Danmarks Nationalbank pursuant to a general power of attorney issued to the employees empowering them to sign on behalf of the Minister for Finance
- Danmarks Nationalbank performs issuer functions on behalf of the central government relative to VP Securities and NASDAQ OMX Copenhagen, as well as other functions in connection with issuance, trading and clearing and settlement
- Danmarks Nationalbank participates in borrower meetings, etc.

All payments relating to central government loans are made by Danmarks Nationalbank on behalf of the Ministry of Finance and the payments are booked to the central government's account with Danmarks Nationalbank. Payments allocated to other authorities, e.g. the Danish Agency for Governmental Administration, are excepted.

Danmarks Nationalbank defrays general administrative expenses relating to the central government debt, while loan-specific expenses are defrayed by the Ministry of Finance.

The government debt accounts are presented in the central government's accounts system and are otherwise governed by the accounting instructions for the central government debt and the Executive Order on government accounts. Danmarks Nationalbank is responsible for book-entry of central government borrowing on a current basis.

The Ministry of Finance is responsible for relations with Rigsrevisionen (the Danish national audit office). Upon request, Rigsrevisionen may be granted access to files relating to the central government debt by the Ministry of Finance. Danmarks Nationalbank's audit function assists Rigsrevisionen with regard to auditing of the central government debt and the Social Pension Fund and other funds within government debt management according to the auditing agreement.

##### **5. Appropriation acts, information material, etc.**

In cases relating to central government borrowing and debt (questions, loan authorisation acts, etc.), Danmarks Nationalbank, as a main rule, prepares drafts to be used by the Ministry of Finance. The Ministry of Finance keeps Danmarks Nationalbank informed of cases within this area.

Danmarks Nationalbank prepares input for use by the Ministry of Finance in connection with finance acts, budget reviews, etc. relating to the central government debt and the interest payments on the debt.

Danmarks Nationalbank prepares and issues publications on central government borrowing and debt, etc.

With contributions from the Ministry of Finance, Danmarks Nationalbank prepares and publishes monthly distributions of central government payments.

Danmarks Nationalbank is responsible for the ongoing contact with credit rating agencies.

#### **6. Issuance of government guarantees and on-lending**

On behalf of the Minister for Finance, Danmarks Nationalbank issues guarantees for a number of companies that have statutory access, including via notes to appropriation acts, to raise loans and/or conclude other financial instruments with government guarantees. Furthermore, Danmarks Nationalbank conducts on-lending on behalf of the central government to companies that have access to raise loans directly from the central government.

The tasks and responsibilities of the individual companies, the Ministry of Finance, the relevant other ministries and Danmarks Nationalbank in this context have been set out in a number of agreements between these parties.

Substantive legal basis:

The Ministry of Finance presents planned legislative initiatives, guidelines and further provisions regarding legislation, etc. on companies' access to on-lending and/or government guarantees to Danmarks Nationalbank so that Danmarks Nationalbank can comment on them. The Ministry of Finance briefs Danmarks Nationalbank before the commencement of new legislation or amendments to existing legislation, etc. regarding companies' access to on-lending and/or government guarantees that are or will be managed by Danmarks Nationalbank (substantive legal basis). The Ministry of Financial informs Danmarks Nationalbank when this substantive legal basis can be applied.

Legal basis for appropriation:

Before the start of a new fiscal year, the Ministry of Finance sends Danmarks Nationalbank a list of companies with access to on-lending in the coming fiscal year. On the list, the Ministry of Finance states the limits for on-lending and/or government guarantees; Danmarks Nationalbank must ensure compliance with these limits. The Ministry of Finance updates the list during the fiscal year to reflect any amendments to the legal basis and the laying-down/revision of limits.

In material cases where the Ministry of Finance determines or is consulted by other institutions about interest rates, etc., the Ministry of Finance consults Danmarks Nationalbank.

## **7. Commencement**

This agreement will take effect when it has been signed by all parties.

When this agreement takes effect, the following agreements from April 2014 will be terminated: "Agreement on the division of work in the area of central government debt between Danmarks Nationalbank and the Ministry of Finance" and "Agreement between Danmarks Nationalbank and the Ministry of Finance on tasks related to on-lending and government loan guarantees".

## **8. Signatures**

Date: 14 December 2016

Date: 16 December 2016

For the Ministry of Finance

For Danmarks Nationalbank

[signed:]

[signed:]

Kristian Jensen

Lars Rohde